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CORPORATION FILE



**ANNUAL REPORT** *to Shareowners* **1957**

*Walgreen Co.*



DIRECTORS

A. A. BORG  
SANFORD J. BOWYER  
ROBERT G. KNIGHT  
EDWARD P. LESLIE  
BERT O. PINCH  
R. G. SCHMITT  
A. L. STARSHAK  
C. R. WALGREEN, JR.  
R. E. WALKER

OFFICERS

C. R. WALGREEN, JR. .... *President*  
H. W. BECKER ..... *General Auditor*  
A. A. BORG ..... *Vice President*  
SANFORD J. BOWYER ..... *Vice President*  
C. R. CAMPBELL ..... *Vice President*  
O. G. GILE ..... *Assistant Secretary*  
ROBERT G. KNIGHT ..... *Vice President and Treasurer*  
C. E. LA FRAMENTA ..... *Vice President*  
EDWARD P. LESLIE ..... *Vice President*  
W. W. LOW ..... *Assistant Treasurer*  
P. J. REDFORD ..... *Assistant Secretary*  
R. G. SCHMITT ..... *Vice President and Secretary*  
A. L. STARSHAK ..... *Vice President*  
N. P. STARSHAK ..... *Comptroller*

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*Public Accountants and Auditors* ..... ARTHUR ANDERSEN & Co.

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*Transfer Agents* ..... THE FIRST NATIONAL BANK OF CHICAGO  
GUARANTY TRUST COMPANY OF NEW YORK

*Registrars* ..... HARRIS TRUST AND SAVINGS BANK OF CHICAGO  
THE FIRST NATIONAL CITY BANK OF NEW YORK

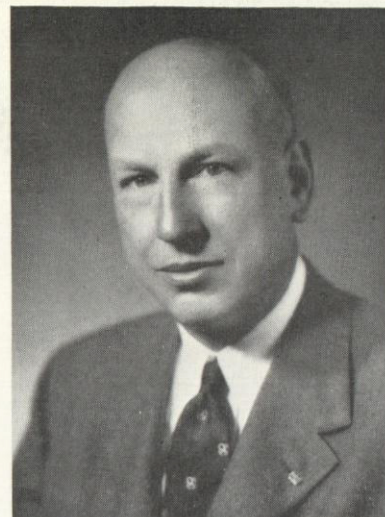
# in 1957 . . .

## **EACH SHARE**

(of 1,292,485 outstanding)

- had **SALES** of .....\$181.91
- made a **PROFIT BEFORE TAXES** of ..... 6.63
- paid **INCOME TAXES** of ..... 3.30
- and earned a **NET PROFIT** of..... 3.33
- paid its owner in **CASH DIVIDENDS** ..... 1.85
- re-invested to **EXPAND** and **IMPROVE** the business 1.48
- bringing its **BOOK VALUE** at September 30 to..... 26.91

## The President's Annual Message



**E**ARNINGS for our last fiscal year, which ended September 30, were \$3.33 a share, while for the previous one they were \$3.12. Sales also reached a new record of over 235 millions—up nearly 23 millions.

During the recently closed fiscal year we opened 34 large self service stores and acquired 3 prescription pharmacies. We remodeled 15 stores—12 very extensively. Six of the self service stores that were opened were relocations of old, smaller stores and 26 of the new stores were in drive-in shopping centers. Including the 6 relocated stores, we closed 17 which did not hold promise for the future. At September 30 we were operating 407 stores, including one re-opened during the year; this compares with 386 the year previous. Self service units numbered 135, as against 94 a year ago.

While these additions and changes contributed to the substantial sales increase shown for the fiscal year, we also had to absorb the heavy launching costs of opening a larger-than-usual number of stores. The number to be opened during our current fiscal year will be less.

I recommend your careful and favorable consideration of the employee stock option plan outlined in the proxy material which accompanies this report. It should be a constructive influence, which I believe will be beneficial to the long range interests of the shareowner.

Competition continues to be very keen and to come from almost every type of store. Many new trading areas are developing, while some old ones are deteriorating. Costs still exhibit a strong tendency to rise, and those connected with the adjustment to changing conditions are substantial. We believe that there is ample evidence that we are moving in the direction which will ensure our Company's growth and its continuing ability to meet competition.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Walgreen, Jr." with a stylized flourish at the end.

*President*

November 22, 1957

# Walgreen Co. and Subsidiary Companies

COMPARATIVE

	ASSETS	
	September 30,	
	1957	1956
CURRENT ASSETS:		
Cash .....	\$ 4,990,369	\$ 7,466,801
United States Government securities .....	—	225,366
Accounts receivable, less reserves .....	2,956,667	2,596,536
Inventories of merchandise, priced at lower of cost or market, less reserves .....	28,364,078	23,767,747
TOTAL CURRENT ASSETS .....	36,311,114	34,056,450
PREPAID RENT, INSURANCE, TAXES, ETC. ....	1,003,967	960,204
INVESTMENTS IN AFFILIATED AND OTHER COMPANIES, at cost. ....	1,670,856	1,659,402
FIXED ASSETS, at cost:		
Land .....	68,000	22,000
Buildings (on owned and leased land) .....	1,554,101	1,554,101
Equipment .....	24,562,765	21,633,245
	26,184,866	23,209,346
Less—Reserves for depreciation. ....	10,781,133	9,826,670
TOTAL FIXED ASSETS .....	15,403,733	13,382,676
GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ETC., at nominal amount .....	1	1
	<u>\$54,389,671</u>	<u>\$50,058,733</u>

NOTE:

The company's Board of Directors has adopted and recommended for stockholder approval a stock option plan whereunder 60,000 authorized but unissued shares of common stock would be reserved for key employees, including officers. Such options would be exercisable beginning one year from the date of

## BALANCE SHEET

## LIABILITIES

	September 30,	
	<u>1957</u>	<u>1956</u>
<b>CURRENT LIABILITIES:</b>		
Trade accounts payable.....	\$ 7,659,313	\$ 6,734,580
Accrued expenses and other liabilities.....	6,288,235	5,061,018
Federal and State income taxes.....	3,215,050	2,949,718
Notes payable .....	1,000,000	500,000
<b>TOTAL CURRENT LIABILITIES.....</b>	<u>18,162,598</u>	<u>15,245,316</u>
2½% NOTE, due August 15, 1960; \$500,000 due annually (current maturity included above) .....	1,450,000	1,950,000
<b>CAPITAL STOCK AND SURPLUS:</b>		
Common stock, \$10 par value—		
Authorized 1,955,522 shares; issued and outstanding 1,292,485 shares	12,924,850	12,924,850
Earned surplus, per accompanying statement.....	21,852,223	19,938,567
<b>TOTAL CAPITAL STOCK AND SURPLUS .....</b>	<u>34,777,073</u>	<u>32,863,417</u>
	<u>\$54,389,671</u>	<u>\$50,058,733</u>

grant, over a period not exceeding five years (and in reduced amounts over the succeeding four years) at a price not less than 95% of the average closing price of the common stock on the New York Stock Exchange for the five days preceding such date.

# Walgreen Co. and Subsidiary Companies

## COMPARATIVE STATEMENT OF INCOME

For the Years Ended September 30, 1957 and 1956

	<u>1957</u>	<u>1956</u>
SALES AND OTHER INCOME:		
Net sales and other store income.....	\$235,111,325	\$212,283,299
Other income (net).....	227,335	408,074
	<u>235,338,660</u>	<u>212,691,373</u>
COSTS AND DEDUCTIONS:		
Cost of sales and of selling, occupancy and administration, except depreciation .....	223,225,625	201,053,149
Depreciation of buildings and equipment.....	1,780,384	1,530,108
Provision for contribution to employees' retirement pension trust....	1,376,000	1,557,000
Improvements to leased properties.....	391,898	437,845
	<u>226,773,907</u>	<u>204,578,102</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES.....	8,564,753	8,113,271
Provision for Federal and State income taxes .....	4,260,000	4,080,000
NET INCOME .....	<u>\$ 4,304,753</u>	<u>\$ 4,033,271</u>

## COMPARATIVE STATEMENT OF EARNED SURPLUS

For the Years Ended September 30, 1957 and 1956

BALANCE BEGINNING OF YEAR.....	\$ 19,938,567	\$ 18,296,393
NET INCOME .....	4,304,753	4,033,271
	<u>24,243,320</u>	<u>22,329,664</u>
DEDUCT—Dividends paid \$1.85 per share .....	2,391,097	2,391,097
	<u>21,852,223</u>	<u>19,938,567</u>
BALANCE END OF YEAR .....	<u>\$ 21,852,223</u>	<u>\$ 19,938,567</u>



ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET  
CHICAGO 3

*To the Board of Directors,*

WALGREEN CO.:

We have examined the consolidated balance sheet of WALGREEN CO. (an Illinois corporation) AND SUBSIDIARY COMPANIES as of September 30, 1957, and the related statements of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earned surplus present fairly the financial position of Walgreen Co. and Subsidiary Companies as of September 30, 1957, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & Co.

Chicago, Illinois,  
November 13, 1957.



**New  
Stores**



*mean*

**New  
Business**





*building the new...*

# Store Openings of 1957



Berwyn, Ill., Cermak Plaza Shopping Center  
Blue Island, Ill., 13054 S. Western Ave.  
Casper, Wyo., 200 S. Center St.  
Chicago, Ill., 2424 W. Devon Ave.  
Chicago, Ill., 400 E. 47th St.  
Cincinnati, Ohio, Swifton Shopping Center  
Corpus Christi, Tex., Parkdale Shopping Plaza  
Crestwood, Mo. (St. Louis), Crestwood Shopping Plaza  
Dallas, Tex., Lochwood Village Shopping Center  
Edina, Minn. (Minneapolis), Southdale Center  
Elgin, Ill., 56 S. Grove Ave.  
Englewood, Colo. (Denver), 3395 S. Broadway  
Hempstead, L.I., N.Y., Roosevelt Field Shopping Center  
Hialeah, Fla., Flamingo Shopping Center  
Highland Park, Ill., 1895 Sheridan Rd.  
Houston, Tex., North Shore Village Shopping Center  
Jacksonville, Fla., Southgate Shopping Plaza  
Lakeland, Fla., 116 S. Kentucky Ave.

Lakewood, Colo. (Denver), Lakewood Shopping Center  
Madison, Tenn. (Nashville), Madison Square Shopping Center  
Massapequa Park, L.I., N.Y., Bar Harbour Shopping Center  
Memphis, Tenn., Summer Shopping Center  
Memphis, Tenn., Whitehaven Shopping Plaza  
Metairie, La. (New Orleans), Crescent Airlines Shopping Center  
Milwaukee, Wis., Capitol Court Shopping Center  
New Orleans, La., Gently Woods Shopping Center  
Norridge, Ill. (Chicago), Harlem-Irving Shopping Plaza  
N. Hempstead, L.I., N.Y., Lake Success Shopping Center  
N. Miami Beach, Fla., 163rd St. Shopping Center  
Phoenix, Ariz., 13 E. Monroe St.  
Phoenix, Ariz., 2021 N. Central Ave.  
Phoenix, Ariz., Park Central Business Center  
San Antonio, Tex., Las Palmas Shopping Center  
Skokie, Ill., Old Orchard Business District  
Tucson, Ariz., 44 N. Stone Ave.  
Valley Stream, L.I., N.Y., Green Acres Shopping Center

Waukegan, Ill., Waukegan Shopping Plaza





*improving the old . . .*

## Major Remodelings of 1957

Alexandria, La., 1002 Third St.

Chicago, Ill., 6300 Cottage Grove Ave.

Chicago, Ill., 1603 Howard St.

Chicago, Ill., 11100 S. Michigan Ave.

Houston, Tex., 2946 S. Shepherd Dr.

Louisville, Ky., 970 Baxter Ave.

Nashville, Tenn., 226 Fifth Ave., N.

Panama City, Fla., 485 Harrison Ave.

Pasadena, Tex. (Houston),  
Corrigan Shopping Center

Salt Lake City, Utah, 201 S. Main St.

Shreveport, La., 600 Texas St.

Toledo, Ohio, 2156 Central Ave.



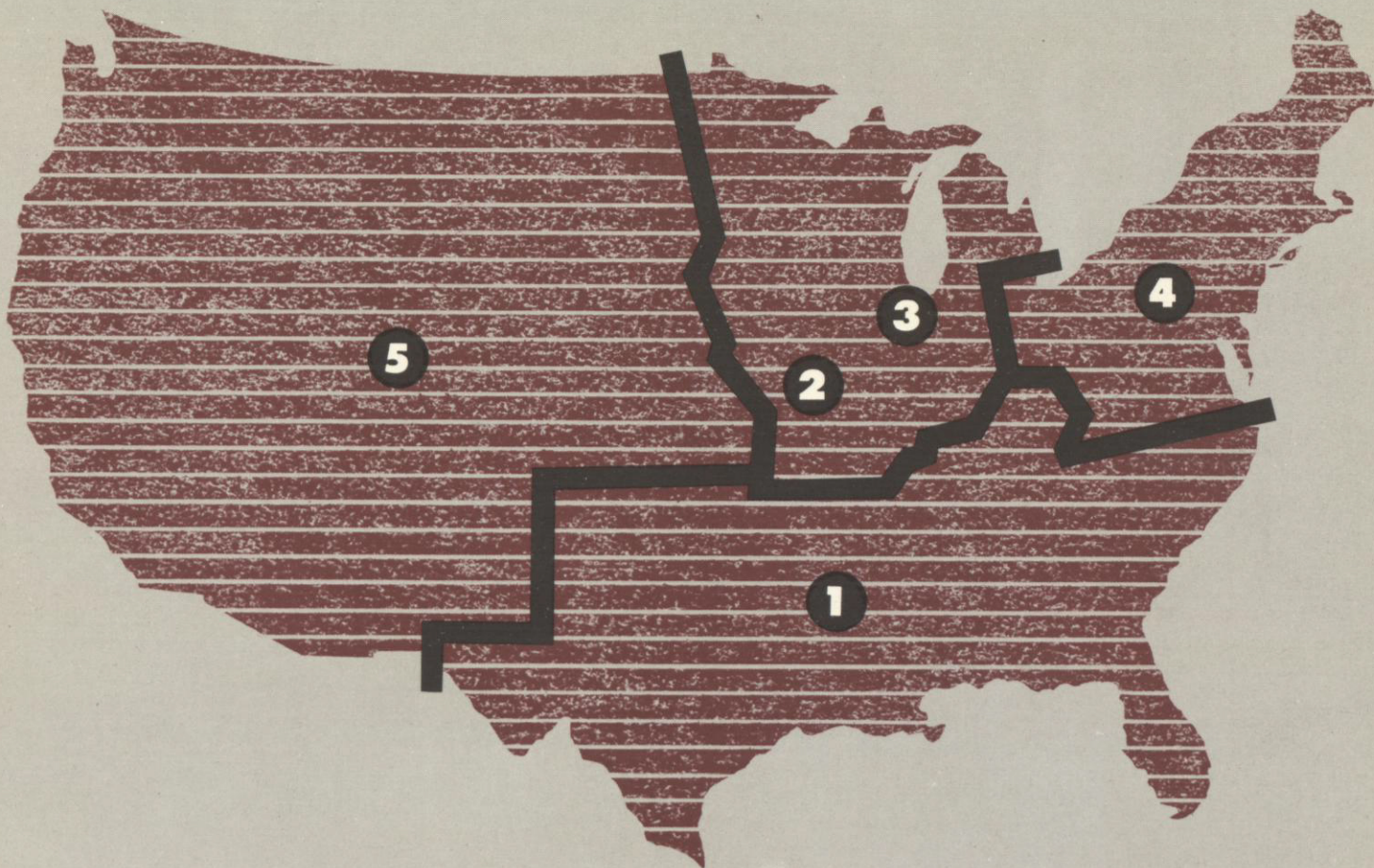


# Dependable Prescription Service

*for over 56 years*



Prescription leadership—4,361,727 filled this fiscal year, an all-time record—is important beyond its own direct rewards. The reliability of our pharmacy service earns the respect and goodwill of the medical profession and builds the confidence of our customers. Nationwide, whatever the location or type of store, the prescription department is its keystone. Pharmacy is the identifying responsibility and the unique opportunity of every Walgreen Drug Store.



As a shareowner, you'll be interested in our distribution of sales. 407 Walgreen Drug Stores, at key locations, serve communities across the nation. In addition, some 1800 independently-owned Walgreen Agency Drug Stores carry our name and our products into many areas not directly served by our own stores. And our affiliate in Mexico, the celebrated *Sanborns*, gives international scope to our operations.

## Distribution of Sales:

- 1** SOUTHERN  
\$69,316,546 or 29.5%
- 2** MIDWEST  
(Chicago excluded)  
\$67,718,070 or 28.8%
- 3** CHICAGO, ILL.  
\$49,123,917 or 20.9%
- 4** EASTERN  
\$26,785,779 or 11.4%
- 5** WESTERN  
\$22,167,013 or 9.4%



*“Walgreens — the Nation’s Name for Drug Stores”*



*"More people trade at Walgreens than at any other drug stores in the world."*